

Preface to Chapter Three

The National Drug Control Strategy and the National Security Strategy: Tackling Transnational Threats

For decades, the global illicit drug trade has constituted a significant transnational security threat. Its power and influence threaten democratic governments, undermine the rule of law, terrorize populations, impede economic development, and cause regional instability. Its operations, organizations, and networks fuel arms and human trafficking, money laundering, and violent multinational gangs. The illicit drug trade finances insurgencies and funds militant extremist enemies of the United States and its allies worldwide.

Federal drug control and intelligence agencies are particularly focused on the dangerous nexus between drugs and terrorism. Currently, 18 of the 42 organizations on the State Department's List of Foreign Terrorist Organizations are linked to illicit drug trafficking. U.S. law enforcement agencies seek to leverage the tools, expertise, authorities, and capabilities that they have successfully used to dismantle major international drug trafficking organizations to confront terrorism and other transnational security threats.

The National Drug Control Strategy complements the National Security Strategy of the United States in this regard by directly supporting U.S. efforts to "Engage the Opportunities and Confront the Challenges of Globalization." Consistent with these two strategies, the United States will continue to address these challenges by providing additional emphasis and seeking new and innovative approaches in the following areas:

- Focusing U.S. action in areas where the illicit drug trade has converged or may converge with other transnational threats with severe implications for U.S. national security.
- Denying drug traffickers, narco-terrorists, and their criminal associates their illicit profits and access to the U.S. and international banking systems.
- Strengthening U.S. capabilities to identify and target the links between drug trafficking and other national security threats, and to anticipate future drug-related national security threats.
- Disrupting the flow of drugs to the United States and through other strategic areas by building new and stronger bilateral and multilateral partnerships.

Disrupting the Market for Illicit Drugs

Domestic and international law enforcement efforts to disrupt illicit drug markets are critical elements of a balanced strategic approach to drug control. By targeting the economic vulnerabilities of the illegal drug trade, market disruption seeks to create inefficiencies in drug production and distribution, resulting in decreased drug abuse in the United States. The impact of these efforts on illegal drug use has been demonstrated by the near-disappearance of certain once-popular drugs from U.S. society. For example, after an increase in LSD use during the 1990s, the reported rates of LSD use by young people have declined by nearly two-thirds since 2001, following the dismantling of the world's leading LSD manufacturing organization in 2000. MDMA (Ecstasy) use has made a similar dramatic turnaround since U.S. law enforcement partnered with the Netherlands to disrupt several major MDMA trafficking organizations in recent years.

The effect of market disruption initiatives can also be observed in recent reductions in the level of methamphetamine use. Following State and local efforts to tighten controls on methamphetamine's key ingredients, lifetime use of methamphetamine dropped by 12 percent and the number of new methamphetamine initiates fell by 40 percent between 2004 and 2005, as measured by the most recent NSDUH.

Disrupting the market for illegal drugs supports additional objectives at home and abroad. Domestic legislative and law enforcement efforts have sharply reduced the production of methamphetamine in small toxic labs that posed serious hazards to many American neighborhoods. Law enforcement efforts to dismantle violent drug gangs have removed countless criminals from American streets. Internationally, U.S. drug enforcement initiatives aid American allies and further our national security interests. As highlighted in the *National Security Strategy* and discussed in the preface to this chapter, the illicit drug trade “corrodes social order; bolsters crime and corruption; undermines effective governance;

facilitates the illicit transfer of weapons; and compromises traditional security and law enforcement.” U.S. training, technical assistance, information sharing, and other forms of aid help allies to counter the threat of drug trafficking. In doing so, they promote security, economic development, the rule of law, and democratic governance. To achieve these goals, the United States dedicates more than \$1 billion annually to international counternarcotics efforts such as those implemented by the Department of State and the Drug Enforcement Administration.

In Colombia, for example, drug market disruption programs have assisted the government in its remarkable efforts to transform a nation once under siege by drug traffickers and narco-terrorists. Similarly, U.S. and allied nation initiatives targeting the illicit drug trade in Afghanistan have yielded results in provinces where local leaders have demonstrated willingness to confront drug traffickers. These and several other successes will be discussed in greater detail in the pages that follow. However, the illicit drug trade constantly changes as traffickers modify their methods to minimize risks and maximize profits. Thus, this Strategy also describes how the U.S. Government is working with State and local agencies domestically and our partners abroad to overcome emerging drug trafficking challenges worldwide.

Methamphetamine and Synthetic Drugs

In June 2006, the Administration released the *Synthetic Drug Control Strategy* to address methamphetamine and prescription drug abuse. The *Synthetic Drug Control Strategy* is a companion document to the *National Drug Control Strategy* that details the Administration's policy and strategy regarding the abuse of synthetic drugs such as methamphetamine and pharmaceuticals.

The *Synthetic Drug Control Strategy* sets ambitious goals; using 2005 data as the baseline, it seeks to reduce methamphetamine abuse by 15 percent, reduce prescription drug abuse by 15 percent, and reduce domestic methamphetamine laboratory incidents (seizures of methamphetamine labs, lab equipment, or

lab waste) by 25 percent, all by the end of 2008. Early results indicate that the Administration is on track to achieve the two goals related to methamphetamine. The data suggest that the target for prescription drugs will be more challenging.

Control of precursor chemicals continues to play a key role in the Administration's approach to disrupting the methamphetamine market. Restrictions enacted in more than 40 States on the sale of products containing ephedrine and pseudoephedrine – ingredients essential to the production of methamphetamine – contributed to the 29 percent reduction in domestic methamphetamine lab seizures logged in the DEA El Paso Intelligence Center (EPIC) database in 2005 (see figure 8). On September 30, 2006, the Combat Methamphetamine Epidemic Act (CMEA) became fully effective, establishing a nationwide standard for precursor control based on these successful State provisions. The CMEA also includes stronger criminal penalties and provisions for enhanced international enforcement of laws to prevent the diversion of chemicals.

The Administration's international approach to disrupting methamphetamine trafficking reflects the principles behind the CMEA—working with countries that produce, use, and trade in methamphetamine precursors to ensure that chemicals are not diverted from lawful commerce to illicit purposes. Law enforcement data indicate that most of the methamphetamine consumed in the United States is either smuggled into our country or produced in domestic laboratories by drug trafficking organizations headquartered in other countries. In cases involving large labs, the precursors for making methamphetamine are not usually diverted from American retail outlets, but rather from the stream of legitimate international commerce.

The United States is working aggressively with the international community to stem the diversion of precursor chemicals, starting with our closest neighbors. After implementing tighter import controls in 2003, Canada ceased to be a major source of bulk pseudoephedrine. These tighter controls contributed to a dramatic decline in U.S. methamphetamine superlabs (defined as labs capable of producing ten or more pounds of methamphetamine per production cycle.) Although Mexico remains a major source of methamphetamine, Mexico's Federal Commission for the Protection against Sanitary Risk (COFEPRIS) has responded by taking

stringent steps to regulate pseudoephedrine. COFEPRIS has mandated that only manufacturers, not distributors, are now permitted to import pseudoephedrine into Mexico, sharply limiting those who have access to the precursor. Also, only four ports can be used for pseudoephedrine imports, and COFEPRIS has imposed a limit of 70 metric tons in total national imports per year. This new import limit represents a dramatic decrease from the 224 metric tons and 132 metric tons of pseudoephedrine imported into Mexico in 2004 and 2005, respectively. The new COFEPRIS regulations also state that pseudoephedrine in transit must be kept under guard at all times and must be transported in armored cars.

The aggressive actions taken by Canada, Mexico, and the United States to control the licit import and distribution of pseudoephedrine and other methamphetamine precursors have caused traffickers to attempt to smuggle more precursor chemicals into North America. This shift underscores the importance of cooperation with other countries that are major exporters of chemicals that can be used to manufacture methamphetamine.

After direct negotiations with the three largest exporters of methamphetamine precursors – China, India, and Germany – the U.S. delegation achieved approval of a resolution at the March 2006 meeting of the United Nations (UN) Commission on Narcotic Drugs. The resolution requests member states to take several important steps toward greater international cooperation against chemical diversion. It requests governments to:

- » Provide annual estimates to the UN-based International Narcotics Control Board (INCB) of their legitimate requirement for pseudoephedrine, ephedrine, and phenyl-2-propanone, as well as requirements for pharmaceutical preparations containing these substances.
- » Ensure that imports are commensurate with estimated annual needs; and
- » Permit the INCB to share information on specified consignments with law enforcement and regulatory authorities to prevent or interdict suspect shipments.

Joint Interagency Task Force West (JIATF-West) also contributes to international efforts against methamphetamine trafficking by analyzing illicit precursor chemical shipments from Asia to North America and Central America. JIATF-West provides

information and intelligence analysis, key counterdrug training, and critical infrastructure development support to U.S. and partner nation law enforcement agencies that are working to counter all aspects of the Asian methamphetamine trade.

This campaign to stop the diversion of methamphetamine precursor chemicals must accelerate on all fronts.

The *National Security Strategy* seeks to “engage the opportunities and confront the challenges of globalization.” One challenge of globalization lies in the massive legal trade of pharmaceutical products around the globe, within which diverted chemicals can be disguised. Determined efforts, using multilateral, regional, and bilateral approaches, are necessary to stop illicit diversion of methamphetamine precursors while also enabling licit trade.

Striking the Right Balance: Reducing the Nonmedical Use of Prescription Drugs

The nonmedical use of prescription drugs is now the second largest form of illicit drug abuse in the United States as measured by prevalence. Against a backdrop of declining teen drug use and fewer methamphetamine labs, recent data from NSDUH indicate that prescription drug abuse poses an increasing threat:

- » Approximately 6.4 million people use controlled-substance prescription drugs for nonmedical purposes, with 4.7 million misusing pain relievers.
- » The nonmedical use of pain relievers among 18- to 25-year-olds increased by 15 percent from 2002 to 2005.
- » Prescription drug abuse led all other drug categories in new initiates in 2004 and 2005.

The Administration’s overall approach balances the need to reduce the nonmedical use of prescription drugs with the need for medically necessary access to prescription drugs, including opioid pain relievers. Until recently, the primary difficulty in developing a strategy to reduce the illicit supply of prescription drugs was the lack of information regarding the sources of diversion. To address this problem, the Department of Health and Human Services added questions on this topic into NSDUH. The results indicated that more than half of

prescription drug diversion occurs for free from friends and family, with illicit drug sales accounting for less than 20 percent of prescription drug diversion. “Doctor shopping” and prescription fraud also accounted for less than 20 percent of diverted prescription drugs.

Prescription drug abuse and illicit drug abuse are highly correlated. Those who abuse one of these groups of substances have a higher risk of abusing the other. Screening for prescription drug abuse is being incorporated into SBIRT (Screen, Brief Intervention, and Referral to Treatment) programs nationwide, thereby greatly increasing the potential for early identification of prescription drug abuse problems.

The Federal Government treats pharmaceutical diversion in the same way that it treats the trafficking of other controlled substances such as heroin, cocaine, and methamphetamine. The United States will continue to vigorously apply criminal, civil, administrative, and asset forfeiture actions to disrupt the supply of diverted prescription drugs and dismantle the drug trafficking organizations that support this illegal trade.

Over the next 2 years the Administration will seek to raise awareness regarding the importance of properly disposing of unneeded, unused controlled substance prescription drugs to reduce their diversion. Unless stated otherwise on the label, proper disposal methods include intermingling drugs with undesirable substances (such as used coffee grounds) and depositing them in the garbage or bringing the drugs to a community pharmaceutical take-back or solid waste program. Unless otherwise directed, prescription drugs should not be flushed down the toilet due to the risk of contaminating water sources. Parents should remain vigilant and keep a tally of pharmaceuticals in the household to ensure that children do not have unauthorized access to them.

Another important tool for reducing prescription drug diversion is a Prescription Drug Monitoring Program (PDMP). PDMPs help reduce doctor shopping and prescription fraud while ensuring patient access to needed treatment by allowing physicians and pharmacists to input and receive accurate and timely prescription history information. At the beginning of this Administration, 15 PDMPs were operating in the United States. Today, there are 34 states in which a PDMP exists or is under development. The most recent addition is Ohio, where a PDMP became operational in October 2006. The Ohio

Automated Rx Reporting System requires submission of data on select controlled substances two times per month. It will be administered by the Ohio State Board of Pharmacy as a means of identifying and reducing prescription drug abuse. The Administration will encourage all 50 states to adopt PDMPs by the end of 2008.

Illicit online pharmacies remain a particular challenge. Active drug cases involving the Internet increased by 25 percent in 2006 (from 194 in FY 2005 to 242 in FY 2006.) To combat the diversion of pharmaceutical controlled substances via the Internet, the DEA, Federal Bureau of Investigation (FBI), and Immigration and Customs Enforcement (ICE) have increased investigations and asset seizures involving online sale of pharmaceuticals without a prescription. DEA is combining advanced technology with enforcement, intelligence, and personnel to support active Internet investigations. As a result, DEA seized more than \$52 million in cash, property, and assets from FY 2004 through FY 2006.

The Food and Drug Administration (FDA) is also taking action against illicit online pharmacies, often working closely with DEA. The FDA's Office of Criminal Investigations has established close working relationships with both foreign law enforcement agencies and large Internet businesses. The FDA has also taken many steps beyond traditional enforcement, such as providing information to State pharmacy boards, placing firms and products on import alert, and creating an educational campaign to warn consumers of the risks of buying drugs online.

Emerging Synthetic Drug Threats: A Note About Fentanyl

Synthetic drugs pose a persistent threat due to the constant possibility that new drugs will be diverted or misused. A very recent example is the emergence of fentanyl as a drug of abuse. Fentanyl, a synthetic opiate 30 to 50 times more powerful than heroin, was first synthesized in the late 1950s and can be usefully prescribed for the treatment of pain. In the past year, however, fentanyl has been associated with hundreds of overdoses, some of which have resulted in death. Most of these cases were in Delaware, Illinois, Maryland, Michigan, Missouri, New Jersey, and Pennsylvania, and involved heroin or cocaine that was tainted with diverted fentanyl.

The Administration's response has focused on reducing both supply and demand. The DEA worked with Mexican counterparts to dismantle a major clandestine fentanyl production operation in Mexico in May 2006. The Administration remains concerned about the possibility of a more widespread introduction of diverted fentanyl into heroin markets, since recipes for the manufacture of fentanyl have appeared on the Internet.

The Department of Justice and ONDCP have sponsored law enforcement conferences to address the fentanyl problem and have issued advisories about its dangers to all levels of law enforcement. DEA, the Chicago Police Department, and the Chicago High Intensity Drug Trafficking Area (HIDTA) office convened an emergency conference on fentanyl diversion in Chicago in June 2006, and ONDCP convened a forum in Philadelphia in July 2006 to share the latest information on this troubling threat. The Administration will continue to monitor fentanyl overdoses, working with law enforcement in the affected areas and targeting what appears to be a limited number of illegal fentanyl production operations.

Converging Threats on the Southwest Border

Securing our borders is a top priority for the U.S. Government. The Southwest Border poses an urgent challenge to national security. A recent study by DEA's El Paso Intelligence Center confirms that drug trafficking organizations collect fees to facilitate the movement of all types of contraband from Mexico into the United States. These "gatekeeper" organizations control the approaches to the Southwest Border and direct smuggling—of drugs, aliens, counterfeit goods, and potentially even terrorists into the United States. Power struggles between these organizations are responsible for widespread violence and corruption. By making headway against drug trafficking in partnership with the Mexican government, we can combat all of these serious threats to border security.

To coordinate Federal efforts to address the central position that the drug trade occupies among border threats, the Administration has developed a *National Southwest Border Counternarcotics Strategy* and an associated *Implementation Plan*. These two documents will help guide border control efforts and will increase the emphasis on disrupting the flow of drugs into the United States and the massive backflow of illicit cash into Mexico.

The counternarcotics capabilities supporting the *National Southwest Border Counternarcotics Strategy* will be enhanced by the Department of Homeland Security's (DHS) Secure Border Initiative (SBI), a comprehensive multiyear, multithreat, border security plan that will be implemented by U.S. Customs and Border Protection (CBP). SBI will increase the number of Border Patrol agents and expand associated physical infrastructure and technology. A critical component of SBI will leverage aerial surveillance and detection sensor technology to monitor border activity. A prototype of the new border control system will be deployed along the Southwest Border in the next several months.

Central to both the *National Southwest Border Counternarcotics Strategy* and SBI is a commitment by Federal agencies to substantially increase collaboration with State, local, and tribal agencies. One example of such collaboration is the DHS-led Border Enforcement Security Task Force, which combines personnel from different Federal agencies with key State and local

law enforcement agencies to target violent criminal organizations along the Southwest Border. These efforts, through the Organized Crime Drug Enforcement Task Force (OCDETF), HIDTA program, EPIC, the DHS-supported State and Local Fusion Centers, and other entities, combined with a continued partnership with the Government of Mexico, will enhance our effectiveness along the Southwest Border against all threats.

Mexico

Across the Southwest Border in Mexico, drug trafficking and associated violence pose a grave threat not only to the health and safety of the Mexican people, but to the sovereignty of Mexico itself. Threats, intimidation, and attacks have instilled widespread fear, challenged Mexico's free press, and compromised the ability of municipalities, states, and even the national government to exercise authority. This lawlessness is fueled by Mexico's position as the primary transit corridor for most of the cocaine available on American streets, as well as a considerable share of the heroin, methamphetamine, and marijuana destined for the U.S. market. The threat to the security of Mexico, as well as its impact on the drug situation in the United States, has served to strengthen the resolve of both countries to take on this challenge together.

DEA and other U.S. law enforcement agencies have developed highly productive relationships with key Mexican counterparts that are yielding positive results. Anticorruption initiatives and institutional reforms by the Mexican government have increased DEA's ability to share information and conduct joint investigations. In 2006, Mexico extradited 63 criminals to the United States. Twenty-seven of these cases involved narcotics traffickers, including a member of the feared Tijuana-based Arellano-Felix Organization. The eradication of illicit crops remains a priority mission for the Mexican Army, which eradicated nearly 30,000 hectares of marijuana in 2006. Mexican authorities continue to seize significant amounts of drugs as they flow into Mexico and toward the United States.

President Felipe Calderon has demonstrated that his administration will continue to pursue the strong counterdrug commitment he inherited from his predecessor, former President Vicente Fox. Mexico's extradition to the United States in early 2007 of 16 major drug traffickers is a concrete indication of Mexico's

commitment to directly attack and disrupt major drug trafficking organizations. The United States will continue to stand with Mexico and looks forward to increasing bilateral cooperation against the full array of cross-border drug threats.

Eradicating Domestic Marijuana Crops

Marijuana is the most widely used and readily available drug in the United States. DEA formed the Domestic Cannabis Eradication/Suppression Program (DCE/SP) to vigorously target, disrupt, and dismantle large-scale domestic marijuana growing operations. Working with ONDCP, DEA identified the top seven states for marijuana cultivation—California, Hawaii, Kentucky, Oregon, Tennessee, Washington, and West Virginia—and has shifted funding priorities to counter growing operations in these states. With these additional resources, the top seven states eradicated more than 5.5 million marijuana plants and the other states in the DCE/SP program accounted for the eradication of an additional 770,000 plants in 2006.

DEA's DCE/SP program has forced many traffickers to abandon large outdoor marijuana plots in favor of smaller, better concealed illicit gardens. Cultivators also have turned to sophisticated hydroponic technology to cultivate marijuana plants indoors, using high-nutrient solutions rather than conventional soil to increase the potency of their marijuana plants. The National Drug

Intelligence Center's *National Drug Threat Assessment 2007* notes that several Asian criminal groups have moved their indoor marijuana cultivation networks from Canada to residential neighborhoods in the United States. In a recent example, 44 homes in a Sacramento, California suburb were found to be filled with marijuana plants under indoor cultivation, all managed by a single Asian drug organization.

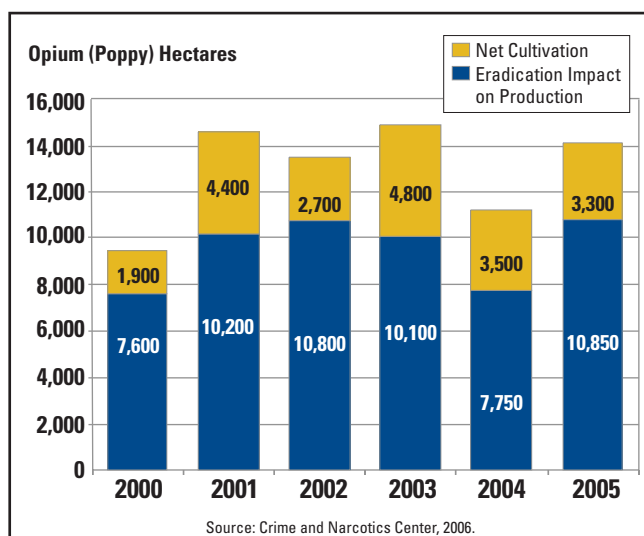
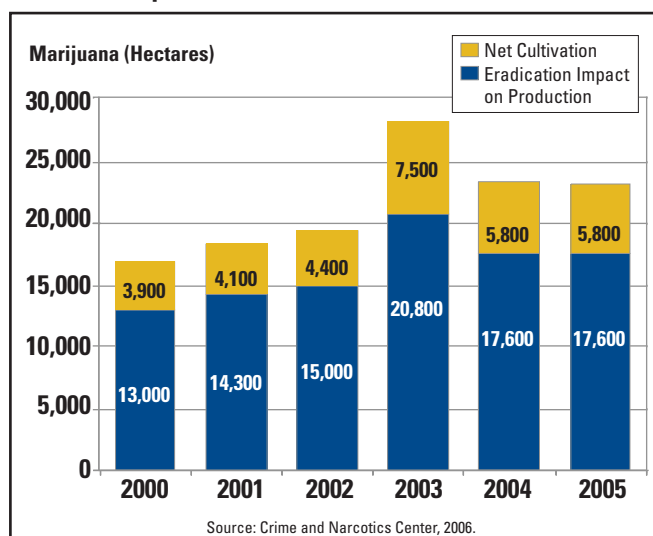
Federal, State and local authorities will continue to focus on the disruption of both indoor and outdoor marijuana production, both to discourage its production and use and to prevent traffickers from benefiting from what remains the most lucrative crop in the drug trafficker's illegal product line.

Organizational Attack: Denying Drug Traffickers Their Profits

Money is the primary motivation of individuals involved in the drug trade at all levels and illicit funds are the lifeblood of drug trafficking organizations. Drug proceeds sustain production and trafficking operations and fuel corruption. By denying drug trafficking organizations their funds, law enforcement can inflict significant damage on their illicit business.

The *U.S. Money Laundering Threat Assessment*, published in December 2005, identifies the smuggling of bulk cash as a key money laundering threat. Most of the illicit money generated by drug sales in the

Figure 22.
Mexico: Comparison of Eradication and Net Cultivation



Freezing the Flow of Drugs in the Pacific Northwest

Under the auspices of the U.S.-Canadian Integrated Border Enforcement Team program, U.S. Immigration and Customs Enforcement (ICE) officials recently led a joint investigation with authorities from the U.S. Forest Service, the U.S. National Park Service, and the Royal Canadian Mounted Police targeting a criminal organization that smuggled cocaine, marijuana, MDMA (Ecstasy), methamphetamine, and firearms across the Pacific Northwest border shared by Canada and the United States. In *Operation Frozen Timber*, investigators disrupted Canadian traffickers who used helicopters to move drugs, bulk cash, and firearms between remote areas in lower British Columbia and U.S. national park and forest lands in the State of Washington. The ultimate distribution points for the drugs smuggled in this scheme were located in western Washington and along the I-5 interstate highway corridor in Oregon and California.

As a result of the extensive intelligence, surveillance, and undercover operations in *Operation Frozen Timber*, 13 helicopters have been linked to this illicit trade, and 48 traffickers have been arrested in Canada and the United States. U.S. and Canadian authorities also have seized 860 pounds of cocaine, 8,000 pounds of high-potency “BC Bud” marijuana, 24,000 Ecstasy tablets, and 4 pounds of methamphetamine. Additionally, *Operation Frozen Timber* has yielded more than \$1.5 million in U.S. currency seizures and the forfeiture of three aircraft. ICE will leverage the lessons learned in *Operation Frozen Timber* to improve counterdrug efforts in the Pacific Northwest, and will continue to work with its Canadian counterparts to freeze the drug flow across the entire northern border of the United States.

United States is transported in cash across the Southwest Border into Mexico. Once the cash from drug sales in the United States is smuggled into Mexico, one of three things happens. First, the cash is converted into large denominations (\$50s and \$100s) and transported to drug source countries such as Colombia or wired to third-party countries. Second, the cash is kept in Mexico and used by Mexico-based trafficking organizations to support their operations. Third, the currency is repatriated to the United States through money service businesses (commonly referred to as “casas de cambio” or “centros cambiarios”), armored cars, or couriers, and then is deposited into U.S. financial institutions as “clean” money. Federal agencies are aggressively working to disrupt all of these movements of illicit funds.

DEA is actively targeting the illicit proceeds of drug traffickers in all of its investigations and is applying this heightened focus on financial matters to bulk currency movement, the Black Market Peso Exchange, and casas de cambio. DEA’s *Money Trail Initiative* targets drug and money transportation organizations operating in the United States with the goal of connecting these organizations to sources of drug supply in Mexico. Since its inception in 2005, the *Money Trail Initiative* has resulted in the dismantling of six national drug and money transportation organizations as well as the identification and dismantling of the Chihuahua, Mexico based Arriola-Marquez drug trafficking organization. As a result of both concentrated and

broad-based efforts to attack the financial structures of drug trafficking organizations, DEA denied drug trafficking and money laundering organizations \$1.6 billion in revenue and seized a total of \$341 million in U.S. currency in FY 2006.

ICE liaisons in Mexico, Ecuador, and Panama, in concert with special national law enforcement units located in each of these countries, are working on a bulk cash smuggling initiative known as *Operation Firewall*. This operation targets bulk cash smuggling by Mexican traffickers in the land, sea, air, passenger, and commercial transportation systems. As of October 2006, *Operation Firewall* has yielded more than 130 arrests and the seizure of more than \$52 million in cash and financial instruments. This initiative will expand to additional partner nations in 2007.

The Treasury Department’s Office of Foreign Assets Control (OFAC) has worked closely with both DEA and ICE to target the financial networks of Mexican drug trafficking organizations. Recent investigations resulted in the July 2006 identification (pursuant to the Foreign Narcotics Kingpin Designation Act) of a key Arellano Felix Organization money laundering cell that included several money service businesses and an armored car company. OFAC’s actions effectively shut down this major illicit finance operation.

In an effort to combat the repatriation of illicit funds, the Treasury Department's Financial Crimes Enforcement Network (FinCEN) issued an advisory to U.S. financial institutions in April 2006 on the potential money laundering threat associated with the smuggling of bulk U.S. currency into Mexico and its subsequent return to the United States through the misuse of relationships with U.S. financial institutions by certain Mexican financial institutions, including Mexican casas de cambio. Law enforcement agencies are also increasing their focus on other Bank Secrecy Act (the principal U.S. regulatory regime targeting money laundering and terrorist financing) data and violations to help disrupt the flow of illegal funds into and through U.S. financial institutions.

Finally, Federal law enforcement agencies, along with their State and local law enforcement partners, are aggressively working to identify money laundering cells in

the United States. The OCDETF Fusion Center and the National Seizure System (NSS) operated out of EPIC will support and enhance anti-money laundering intelligence and coordination. The information provided by the OCDETF Fusion Center and the NSS will allow law enforcement to identify disparate information and target organizational leaders for investigation and prosecution.

Colombia

During the past year, Colombia has continued to expand its aggressive efforts against drug trafficking. With U.S. assistance, Colombian forces were able to spray more than 160,000 hectares of coca. Another 40,000 hectares were manually eradicated. For the first time, manual and aerial spray eradication operations were conducted in key national parks and indigenous reserves

Following the Money to the Fall of the Cali Cartel

During the 1990s, the Cali Cartel of Colombia was one of the world's most powerful criminal organizations, estimated to be responsible for up to 80 percent of the cocaine smuggled into the United States. Today the cartel is in ruins, with its leaders imprisoned and their assets seized. In September 2006, Miguel and Gilberto Rodriguez-Orejuela, the brothers who ran the infamous Cali Cartel, pleaded guilty to a charge of conspiracy to import cocaine into the United States and agreed to plead guilty to conspiracy to commit money laundering. The Rodriguez-Orejuela brothers also agreed to the entry of a final forfeiture judgment in the amount of \$2.1 billion. The Rodriguez-Orejuela family members, whose names were used as "fronts" on the brothers' businesses and other assets, agreed to relinquish these businesses and assist in their forfeiture by Colombia and the United States. After several years of investigation, Miguel and Gilberto Rodriguez-Orejuela (62 and 67 years old, respectively) were finally sentenced to 30 years in an American prison.

The convictions of the Rodriguez-Orejuela brothers resulted from *Operation Cornerstone*, an OCDETF investigation led by ICE, with the cooperation of the Drug Enforcement Administration, the Department of Justice, and Colombian law enforcement agencies. Since its inception in August 1991, *Operation Cornerstone* has led to the conviction of more than 140 members of the Cali Cartel and the seizure of 47.5 metric tons of cocaine. Through records seizures and witness testimony, Operation Cornerstone produced documentation of the smuggling of 200 metric tons of cocaine into the United States, representing \$2.1 billion in drug proceeds. Thanks to the dedicated efforts of U.S. and Colombian law enforcement authorities, the Cali Cartel will no longer be able to benefit from these ill-gotten gains.

In the end, the Cali Cartel was incapacitated through the relentless investigation and immobilization of its hidden finances and assets. The four leaders of the Cali Cartel, Helmer Herrera Buitrago, Jose Santacruz Londono, and the two Rodriguez-Orejuela brothers, were initially identified as Specially Designated Narcotics Traffickers in 1995 pursuant to Executive Order 12978 under the International Emergency Economic Powers Act (IEEPA). The Treasury Department's Office of Foreign Assets Control (OFAC) then used IEEPA economic sanction authorities to attack the financial empire built by the Cali Cartel. Subsequent sanctions investigations by OFAC led to the addition of hundreds of front companies and individuals in Colombia and 10 other countries to the list of Specially Designated Narcotics Traffickers. OFAC's continued aggressive actions severely impacted the Cali Cartel's ability to reap the benefits of its drug trafficking activities, and ultimately pressured the conspirators into a plea agreement, signaling the end of this once-powerful drug trafficking organization.

that were once safe havens for the narco-terrorist group known as the Revolutionary Armed Forces of Colombia (FARC). Through aggressive eradication, the Colombian government also has effected a significant decrease in opium poppy cultivation over the last several years. In addition, Colombian and U.S. interdiction activities resulted in the seizure of more than 150 metric tons of seizures of cocaine and cocaine base in 2006, and the Colombian government completed several extraditions of key drug traffickers and FARC leaders for trial and conviction in U.S. courts.

Colombia also has worked to disarm and demobilize the two other major illegally armed groups that have been tied to drug trafficking. Through careful negotiation, more than 31,000 members of the United Self-Defense Forces of Colombia (AUC) have been demobilized, and talks that could lead to a demobilization process for members of the National Liberation Army (ELN) have begun as well. Demobilization reduces the options available to drug traffickers seeking protection from law enforcement forces in Colombia and has drastically reduced the level of violence and insecurity in the Colombian countryside.

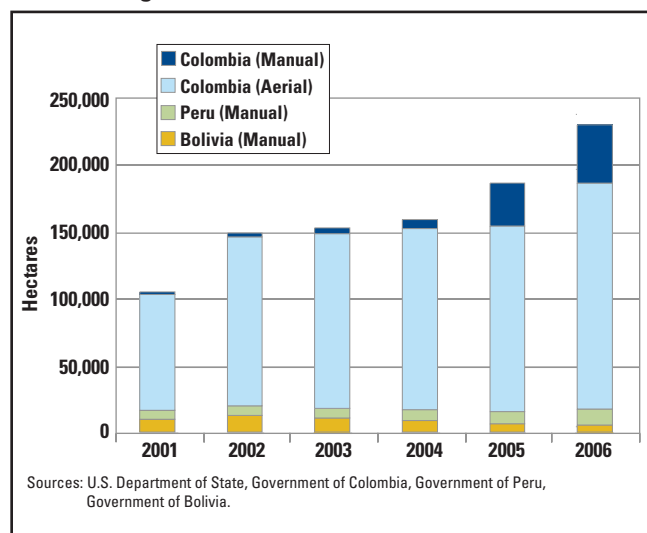
The more secure climate that has resulted from Colombia's counterdrug efforts has enabled the increasing growth of legitimate business and industry. Prior to 2000, the Colombian economy was severely impacted by crime, violence and the ongoing conflict with the FARC; investment was low and national unemployment hovered near 16 percent. Since 2001, the Colombian gross domestic product (GDP) has grown an average of 4 percent a year, and reached a 6-percent growth rate by the end of 2006. Inflation has dropped from the decades-old rate of 20 percent to 4.5 percent and unemployment has fallen from 15.7 percent in 2000 to 10.4 percent in 2006. Private investment in Colombia has also recovered, rising from 10.9 percent of GDP in 1999 to 17.5 percent of GDP in 2005. Strong drug control policies have helped to spark a remarkable economic turnaround that is creating a brighter future for all Colombians.

Drug traffickers have started to respond to the success of eradication, interdiction, and law enforcement efforts in multiple ways. Coca cultivators have undermined the impact of aerial eradication by pruning or replanting their crops with seedlings. They also have begun planting smaller fields in more remote areas that are harder for spray aircraft and manual eradicators to reach. Traffickers

also have taken advantage of neighboring countries to export drugs and to move precursors, money, and arms into Colombia. In addition, because drug trafficking organizations are now smaller, they have become less visible and less exposed to targeting by law enforcement officials.

Colombia and the United States are working to counter these challenges with efforts focused on improving the effectiveness of coca eradication programs. President Uribe has increased the pressure on coca cultivators by expanding the number of personnel focused on countering coca cultivation through a directive that makes coca eradication the responsibility of all public security forces in Colombia. The United States and Colombia also are investing in additional aircraft to increase overall aerial eradication capabilities. This will allow spray aircraft to continue to concentrate on aerial eradication in key cultivation zones while expanding efforts to identify and spray new coca crops more quickly in other areas of Colombia. Finally, the United States and Colombia are collaborating to acquire better data on coca cultivation and drug trafficking to assess and update the joint strategy as the drug trade in Colombia continues to evolve.

Figure 23.
Coca: Aerial Spraying and Manual Eradication in the Andean Region, 2001-2006



Succeeding With Plan Colombia

Due to the bravery and dedication of Colombian authorities, and the assistance provided by the United States, remarkable progress has been made toward the accomplishment of Plan Colombia's many goals, as indicated below:

- *Create the conditions for peace in Colombia:* More than 31,000 members of the AUC have demobilized; more than 10,000 dissidents from illegally armed groups have deserted, including 5,500 members of the FARC; and negotiations with the ELN, if successful, could lead to an additional 3,500 demobilized personnel.
- *Strengthen institutional presence, efficiency, and effectiveness at national, regional, and local levels to improve governance in the nation and increase the citizens' confidence in the state:* Public services have been improved in 143 municipalities and 111 municipalities have been strengthened financially.
- *Initiate rapid steps in the South to facilitate the transition to legal activities and to generate socially, economically, and environmentally sustainable alternatives to drug trafficking and violence:* More than 81,000 families have benefited from alternative development and livelihood programs; more than 102,000 hectares of licit crops have been cultivated; and more than 23,000 hectares of illicit crops have been manually eradicated.
- *Provide humanitarian assistance to those segments of the population that have been victimized by violence, with special emphasis on the displaced population and the most vulnerable groups:* More than 2.7 million internally displaced persons have been assisted, and the number of internally displaced persons seeking assistance has dropped from more than 92,000 in 2002 to about 12,000 in 2006.
- *Prevent further deterioration of ecosystems and implement measures to conserve and recover their environmental functions and build sustainable development options:* A Forest Ranger program has been established with more than 20,000 participants protecting more than 168,000 hectares of national forests that are being threatened by coca cultivators.
- *Instill respect for human rights and promote compliance with international humanitarian law in Colombian society:* In the past 3 years, all members of the Colombian Security Forces have participated in at least two human rights training sessions. Human rights complaints against public security forces have dropped by 40 percent since 1995.
- *Promote citizen involvement as a means for developing participatory democracy:* More than 333 new citizen oversight committees have been formed and 400 existing ones have received support.
- *Increase the presence and effectiveness of the Justice System:* Forty-three houses of justice ("Casas de Justicia") have been established in Colombia, handling more than 4.8 million cases. Colombia is undergoing an historic transition from an inquisitory criminal justice system (proceedings that are conducted only by a judge who reviews evidence listed on paper) to an accusatory system (with an investigative stage separate from a trial phase in which witnesses testify in open court). The new system has demonstrated greater effectiveness and efficiency in the regions where it has been initiated and it is now gaining the public's confidence for the first time.
- *Establish the security conditions that permit the implementation of government programs:* Public Security Forces have grown by more than 32 percent since 2002, 56 companies of mobile rural police (Carabineros) with 8,600 men have been created, 598 platoons consisting of 24,000 citizen-soldiers have been established throughout Colombia, and the Colombian National Police has established a presence in all 1,098 municipalities in Colombia for the first time in history.
- *Reduce the production, processing, trafficking, and corruptive influence of drug trafficking organizations:* Coca cultivation dropped more than 15 percent nationwide, including a 61 percent drop in the Putumayo; the purity of heroin seized at major U.S. ports of entry has sharply declined from 87 percent pure in 2000 to 68 percent pure in 2005, suggesting a decrease in Colombian heroin production; and more than 390 drug traffickers have been extradited to the United States over the past 4 years, undermining the drug trafficking organizations' ability to corrupt public officials.
- *Increased public safety:* The focus of Plan Colombia was to break the cycle of violence and reduce the impact of the FARC on farmers who wanted to begin cultivating licit products by increasing security throughout Colombia—a formidable task necessitating heavy investment. The improvements in security are remarkable.

Figure 24.
Public Security Progress Under Plan Colombia

	2002	2006	2006 vs 2002
All Terrorist Attacks	1,645	646	-61%
Assassinations			
Labor Leaders	99	25	-75%
Journalists	11	3	-73%
Ex-/Mayors	12	5	-58%
Displaced Families	92,742	30,181*	-68%
Massacre Victims	680	193	-72%
Kidnappings	2,885	687	-76%
Common Homicide	28,837	17,277	-40%

*Current as of October 2006.
Source: Government of Colombia.

Andean Ridge Developments

Peru is the world's second leading producer of cocaine and President Alan Garcia has renewed Peru's commitment to counter illicit coca cultivation. Although the UN Office on Drugs and Crime estimates that Peruvian cocaine production dropped by 10 metric tons between 2004 and 2005, coca acreage in Peru increased from an estimated 27,500 hectares to some 38,000 hectares over the same period. To counter this increase, Peru employs a strong integrated counternarcotics strategy of eradication and alternative development. This nexus has led to the eradication of more than 12,000 hectares of coca in 2006, the development of infrastructure projects, and millions of dollars in sales of licit products in coca-growing regions through the assistance of the U.S. State Department's Bureau for International Narcotics and Law Enforcement Affairs (INL). With U.S. assistance, Peru is also advancing an aggressive container-screening program in its major ports which resulted in the seizure of nearly 12 metric tons of cocaine in its first year—a three fold increase over seizures during the previous year.

Bolivia, the world's third largest producer of cocaine, has unfortunately adopted several policies that have allowed the expansion of coca cultivation. As cocaine production rises in Bolivia, foreign drug traffickers are increasing their presence there. Yet, after a slow start, the Bolivian government met its stated goal of eradicating 5000 hectares of coca in 2006. The United States is strongly encouraging Bolivia to establish tight controls on the sale of licit coca leaf for traditional use and to increase controls on the precursor chemicals used to make cocaine. The United States also continues to advance

development initiatives to assist Bolivian coca farmers in developing licit crops as alternatives to coca, increasing the competitiveness of licit enterprises, strengthening local democracy and state presence, and improving social services.

Ecuador and Venezuela have become major transit countries for drugs produced in the Andean Ridge. Northern Ecuador is a major transit point for cocaine, chemicals, and supplies for the FARC and other Colombian drug traffickers. Significant quantities of cocaine originating from Columbia or Peru and leaving South America by sea also depart from Ecuador. Cocaine seizures in Ecuador increased from 3 metric tons in FY 2004 to 34 metric tons in FY 2005, and more than 45 metric tons were seized in FY 2006. The volume of illicit drugs moving through Venezuela is also increasing, with the number of suspected drug flights traveling from Venezuela to Haiti, the Dominican Republic, and other points in the Caribbean more than doubling in 2006.

In September 2006, the U.S. Coast Guard and Ecuadorian authorities agreed on enhanced operational procedures for maritime counterdrug cooperation. The United States seeks to expand on that improved cooperation to reach a full maritime law enforcement agreement with Ecuador and will continue to seek opportunities for counterdrug cooperation with Venezuela.

Transit Zone Interdiction

Four consecutive record-setting years of illicit drug seizures in the transit zone have forced narcotics traffickers to adjust from well-established routes and methods to those they believe will be less susceptible to interdiction. Despite these shifts, the sum of transit zone cocaine seizures and high-confidence losses exceeded 288 metric tons in 2006.

Interdiction efforts in the transit zone over the past year have been bolstered by technological and procedural advances, along with a continuous flow of law enforcement intelligence. For example, the U.S. Coast Guard and Colombian counterparts are engaging in an effort that targets the fishing vessels that sail far out into the Eastern Pacific to serve as refuelers for go-fast speedboats. The U.S. Coast Guard has now been authorized to board Colombian-flagged fishing vessels that are operating outside of their officially documented purpose or beyond Colombian fishing zones. If the Coast Guard determines that these vessels are carrying excess fuel (presumably to refuel go-fast boats carrying drugs), they now have the means and the authority to render this fuel unusable.

Another example of such advances is the broad expansion of armed counterdrug helicopter capabilities used to disable fleeing vessels or to compel them to stop. The U.S. Coast Guard is cascading this capability beyond its special armed helicopter squadron into its HH-65C helicopter fleet. United Kingdom Royal Navy ships are now deploying with armed helicopters and U.S. Navy helicopters are now operating with Coast Guard gunners on board. Highly successful initiatives like these contributed to an approximate 44 percent reduction in the number of confirmed and suspected go-fast smuggling events in 2006. U.S. efforts were greatly assisted by the cooperation of El Salvador as the site of a Cooperative Security Location.

A key element of this year's interdiction successes has been DEA's *Operation All Inclusive*. This bilateral, intelligence driven strategy is specifically designed to disrupt the flow of illicit drugs, money, and chemicals between source zones and the United States by attacking the drug organizations' vulnerabilities in their supply, transportation systems, and financial infrastructures. In 2005 and 2006, DEA implemented *Operation All*

Inclusive throughout Central America, sharply boosting seizures of cocaine, marijuana, and precursor chemicals. As a result of these operations, drug trafficking organizations were forced to delay or suspend their drug operations, divert their routes, change their modes of transportation, and jettison loads. The success of these multiagency and bilateral operations exemplified the cooperation among law enforcement entities throughout the United States, Latin America, and Central America.

The close cooperation of partner nations was also demonstrated in October 2006 when a Dutch Maritime Patrol Aircraft, operating out of its base in Curacao, detected a suspect fishing vessel in the Caribbean. The Belgian Navy Ship *WESTDIEP* and the British Royal Fleet Auxiliary *WAVE RULER*, both with embarked U.S. Coast Guard Law Enforcement Detachments, converged on the Honduran flagged fishing vessel. The existing U.S.-Honduran bilateral agreement was invoked and the vessel was boarded, leading to the seizure of nearly 3 metric tons of cocaine en route to Central America. Such seamless cooperation by partner nations has been critical in maintaining a strong interdiction presence across the transit zone. In addition, continued bilateral cooperation with Colombian Navy units will advance similar operations closer to the source zone, along the north and west coasts of Colombia.

Expanding the level of cooperation with partner nations across the transit zone will deny traffickers the freedom of movement they enjoy within the territorial waters of nations that do not have the means to interdict them. Building on the success of existing maritime bilateral agreements, similar arrangements are needed throughout the Eastern Pacific and Caribbean transit zones to further increase the risks associated with trafficking illicit drugs.

To ensure increased disruption of cocaine flow and continued disruption of trafficker means, methods and modes going forward, this Strategy is setting an aggressive 40 percent transit zone interdiction goal for 2007, as measured against the Consolidated Counterdrug Database (CCDB) estimate of cocaine movement. Specifically, the 40 percent metric will be applied to the CCDB all-confidence estimate of cocaine movement through the transit zone toward the United States from October 1, 2005 through September 30, 2006 (to ensure that all data being considered have been fully vetted by the time this Strategy is published). This flow estimate

is conservative, because it measures only the cocaine movement that interagency operators and analysts are aware of; however, if this level of interdiction is achieved, it will constitute the largest transit zone disruption of the illicit cocaine market in history.

Intelligence-Driven Counterdrug Operations

Intelligence support to interdiction operations provides a model of cooperation among U.S. and cooperating nation military, law enforcement, and intelligence communities, demonstrating the tremendous increases in effectiveness and efficiency such creative collaboration can bring. *Operation Firewall* and *Operation Panama Express*,

multiagency cocaine interdiction programs, combine investigative and intelligence resources to interdict cocaine from the northern coast of Colombia to the United States. Since the first year of *Operation Firewall* (July 2002 to June 2003), maritime cocaine seizures have nearly tripled—from 4.1 metric tons to approximately 11 metric tons. *Operation Panama Express*, a multiagency OCDETF program, collects and analyzes vital law enforcement data and disseminates this information to U.S. Southern Command's JIATF-South. JIATF-South is the key interdiction command and control facility with tactical control over interagency detection and monitoring forces. EPIC collects intelligence to support law enforcement information collected at JIATF-South; together this law enforcement information is fused with foreign intelligence to guide ongoing interdiction

Success in the Transit Zone – The USS Gettysburg Makes Her Mark

During a 6-month period beginning in late 2005, the USS Gettysburg, with a U.S. Navy helicopter detachment and a U.S. Coast Guard Law Enforcement Detachment (LEDET), severely impacted trafficker operations in the deep Eastern Pacific Ocean and the Caribbean Sea. Patrolling an area exceeding the entire width of the United States, this formidable mix of counterdrug assets, with U.S. interagency and partner nation support, disrupted the movement of more than 28 metric tons of cocaine and arrested 42 drug traffickers.

The hunt began in early October 2005. After receiving intelligence from Joint Interagency Task Force South (JIATF-South) and EPIC, a USS Gettysburg helicopter disrupted a drug trafficking speedboat operation near Honduran waters, where the traffickers rushed the boat ashore and fled into the countryside.

When a U.S. Customs and Border Protection P-3 maritime patrol aircraft located three suspect fishing vessels 1,100 miles from the nearest shoreline, JIATF-South directed the Gettysburg to move in. Once on scene, the U.S. Coast Guard LEDET boarded one of the vessels and seized 244 bales of contraband, resulting in the seizure of more than 9 metric tons (20,470 lbs.) of cocaine and the arrest of 7 drug traffickers.

Less than a week later, and more than 1,300 miles from the previous interdiction, the Gettysburg detected a go-fast operating well off the coast of Panama and U.S. maritime patrol aircraft were diverted to assist in tracking it down. A maritime patrol aircraft caught the suspect dumping contraband overboard and quickly guided the Gettysburg into position for the intercept. The Gettysburg recovered 48 bales (1.5 metric tons) of illicit drugs and detained another 4 suspects.

In late February 2006, maritime patrol aircraft cued by fused intelligence detected a suspect fishing vessel and a go-fast operating almost 1,000 miles west of the Galapagos Islands. The now-seasoned Gettysburg team intercepted the fishing vessel and the go-fast, adding to their seizure tally another 211 bales (5 metric tons) of contraband and detention of 8 drug traffickers.

The highly successful Gettysburg deployment highlights the importance of synchronized interagency action and the rapid fusion and dissemination of actionable intelligence in effectively detecting, interdicting, and apprehending drug smugglers on the high seas. Throughout the duration of her 6-month deployment, the USS Gettysburg repeatedly proved that with the right combination of end game capability, intelligence, and maritime patrol aircraft support, impressive interdiction successes can be achieved in the transit zone.

operations. This collaboration has been a key factor in the record transit zone drug seizures of the past several years. Since the implementation of *Operation Panama Express*, 443.5 metric tons of cocaine have been seized/scuttled and 1,272 individuals have been arrested. At the end of FY 2006, these combined operations have resulted in total seizures of 512.8 metric tons of cocaine.

The Administration is now attempting to improve intelligence coordination and support of counterdrug operations in the U.S. arrival zone. To enhance border intelligence, CBP and DEA are sharing border crossing and violator vehicle data relative to drug and currency smuggling at an unprecedented level. This change has revealed that approximately 300 vehicles of interest to ICE, DEA, and CBP are crossing our borders on a daily basis.

The counterdrug intelligence structure is evolving further along our Nation's borders to better meet the changing drug threat while applying lessons learned from our interdiction experience. To be successful, law enforcement and border agencies must develop intelligence structures and processes to extract information from open case files, disseminate this intelligence, and fuse it with other national data. The resulting fused intelligence should be used to drive counterdrug detection and monitoring, law enforcement, and interdiction operations.

Such exacting systemic requirements can only be met by establishing intelligence structures and protocols for the rapid sharing of critical information and the establishment of specialized interagency intelligence centers where this information can be integrated, analyzed, and further disseminated. Ongoing initiatives, described in the textbox below, will substantially improve our intelligence structure nationally, at our borders, and internationally.

Agencies are not only in the process of substantially improving their ability to collect, share, and use intelligence information, but are also working to expand their ability to marshal both intelligence and operational data to evaluate the effectiveness of drug enforcement initiatives by region. As part of this broader effort, DEA is developing the Significant Investigation Impact Measurement System (SIIMS) and DrugSTAR. SIIMS has been used to assess such major investigations as *Operation Candy Box*, *Operation Cookie Dough*, and

Operation All-Inclusive. DrugSTAR seeks to employ real-time statistical data to develop effective enforcement strategies and assess performance in a manner somewhat similar to that of the New York Police Department's CompStat program. Drug traffickers are constantly adjusting their tactics: the only way to stay ahead of them is to continuously improve U.S. intelligence capabilities and understand the impact our operations have on their illicit enterprise.

Enhanced Counterdrug Intelligence Programs

DEA's El Paso Intelligence Center

The DEA's El Paso Intelligence Center (EPIC) monitors the movement of drugs, weapons, and currency, and is dedicated to post-seizure analysis and the establishment of links between recent border law enforcement actions and ongoing investigations. This DEA-led multiagency intelligence center also coordinates training for State and local officers in the methods of highway drug and drug currency interdiction. As part of a revitalization effort, additional interagency staff has been added and EPIC's connectivity with State and local governments has been enhanced through its new Open Portal and National Seizure System, which also allows access to the Clandestine Laboratory Seizure System.

DHS Intelligence Integration

The Department of Homeland Security (DHS) is working to establish an intelligence organization that ensures integrated and coordinated departmentwide intelligence support. Key DHS intelligence initiatives include a Border Security Intelligence Campaign Plan that will provide coordinated intelligence collection, analysis, and dissemination; a National Border Intelligence Center concept to support all DHS missions; and CBP intelligence units to support field operations. DHS also has deployed a Homeland Intelligence Support Team to EPIC to develop a concept of operations for improving DHS intelligence support to border law enforcement across all threats.

Drug Terror Nexus Division

The Department of Homeland Security's Office of Counternarcotics Enforcement (CNE), through its Drug Terror Nexus Division, has been tasked with tracking and severing connections between illegal drug trafficking and terrorism. CNE works within the Joint Terrorism Task Force construct and brings together the collective knowledge of DHS's Office of Intelligence & Analysis and other components of DHS with information from the entire interagency to more clearly identify the links between drug trafficking and terrorism. CNE, along with the National Drug Intelligence Center, will assist in providing intelligence overviews and focused assessments on links between drugs and terrorism for specific regions, including the Southwest Border.

HIDTA Intelligence Centers

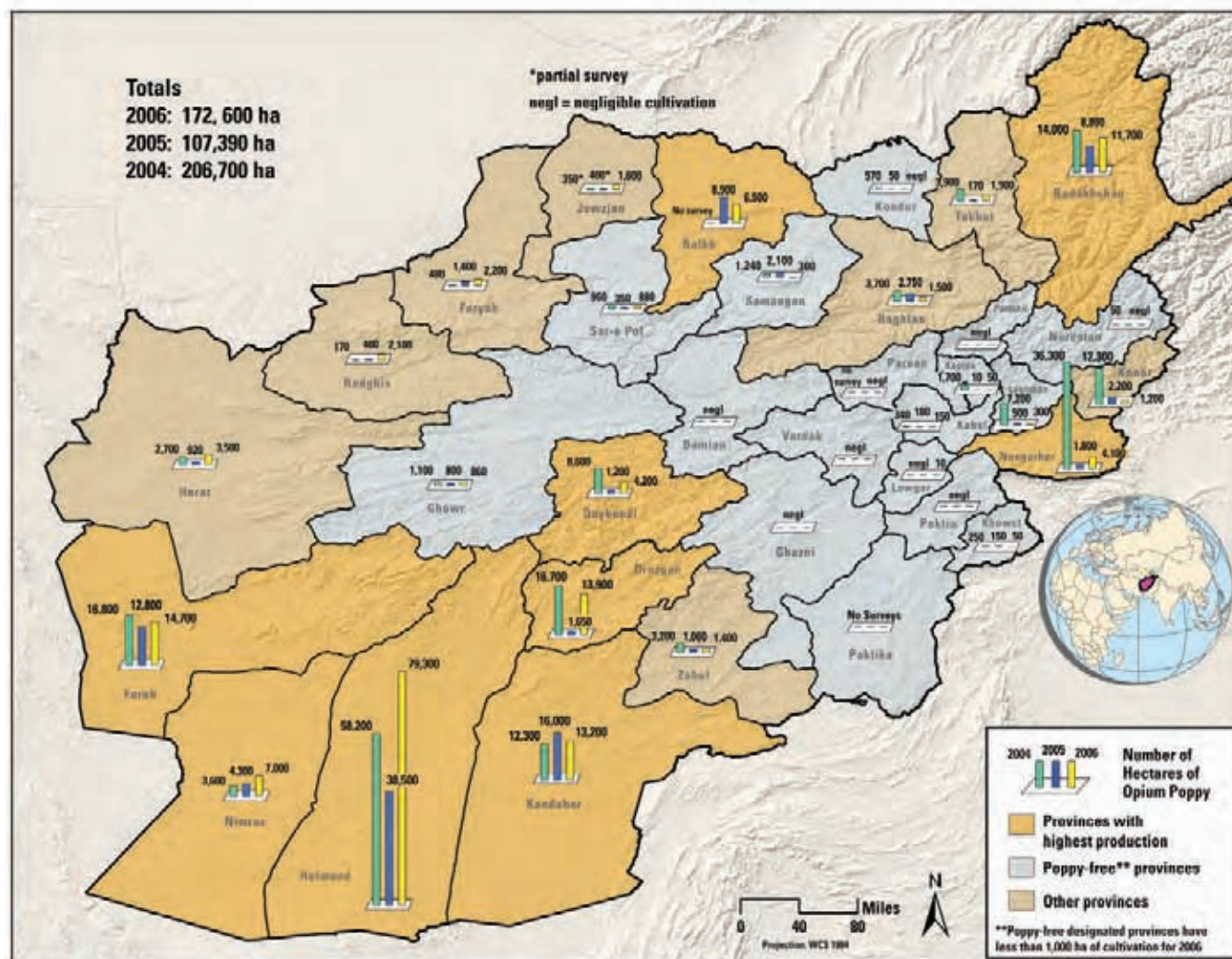
The National Guard Bureau is establishing a network of analysts on the Southwest Border as part of a larger project that has already linked 15 of the 32 HIDTA intelligence centers. The National Guard analysts, working out of the HIDTA intelligence centers are linked together via a classified Department of Defense communication system that provides a secure means to disseminate up-to-date intelligence and information. This intelligence network leverages military, law enforcement, and intelligence resources to provide greater interagency and State and local coordination, collaboration, and cooperation in counterdrug operations.

OCDETF Fusion Center

The OCDETF Fusion Center gathers, stores, and analyzes all-source drug and related financial investigative information and intelligence to support coordinated, multijurisdictional investigations focused on the disruption and dismantlement of the most significant drug trafficking and money laundering enterprises. The Fusion Center's "Compass System" is now being used by agents and analysts to develop leads and intelligence products for the field. To date, more than 640 analytical products have been produced that support a wide array of investigations targeting the highest levels of the transnational drug trade and their supporting financial infrastructure.

Although the Afghan people, supported by the United States and the international community, have made substantial progress in denying international terrorist elements the ability to operate in Afghanistan and

Although the opium trade poses a threat to all of Afghanistan, the actual cultivation of opium poppy is largely concentrated in a few core provinces (see figure 25).



After the fall of the Taliban, the United Kingdom coordinated international efforts to build the capacity of the Afghan government to combat the narcotics cultivation and trafficking problem that the country has long faced. In 2004, the U.S. Government implemented a comprehensive five-pillar strategy, in cooperation with the British, to support Afghan government efforts to eliminate narcotics production and trafficking in the country. The five pillars include public information, alternative livelihoods programs, poppy elimination and eradication; interdiction, and law enforcement and justice reform.

The five-pillar counternarcotics strategy has made headway in every pillar, including, for the first time, the eradication pillar. Ultimate success will require consistent progress across all pillars. The U.S. Government is working to strengthen the political will of the government of Afghanistan across the board. The Department of State is working to improve Afghan elimination and eradication capacity by supporting provincial governors and improving the capacity of the Counternarcotics Ministry's eradication force. DEA, Department of Justice, Department of Defense, and Department of State programs are building the capacity of the counternarcotics police, border management forces, and the Afghan court system. The international community must also continue to pursue opportunities for cooperation in areas such as trade, border management, and regional infrastructure integration, which can help suppress the drug trade and promote the sustainable economic development that will lead to broader counternarcotics success in Afghanistan.

As part of its poppy elimination and eradication pillar, the United States has worked with the governments of the United Kingdom and Afghanistan to develop a Good Performer's Fund (GPF) for 2007 to provide incentives to provinces that reduce poppy cultivation and which have been and remain free of poppy cultivation. The goal of the fund is to encourage provincial and district administrations to reduce plantings and eradicate poppies while holding leadership accountable for their antidrug performance. A three-pronged approach has been developed to target strategic locations in Afghanistan. Specifically, the fund will be used to:

- » Increase the number of poppy-free provinces from 6 to 14.
- » Sustain poppy reduction in five successful provinces by setting specific targets.
- » Reduce, through dissuasion and eradication, poppy production by at least 25 percent in Helmand Province.

Working in the law enforcement and interdiction pillars, DEA has taken on the mission to help the government of Afghanistan to target the command and control of the largest drug organizations in Afghanistan. DEA has done so by building Afghan institutions and by acting against Afghan narcotics trafficking networks directly. DEA operations in Afghanistan are an extension of *Operation Containment*, a DEA-led international effort that involves 19 countries and seeks to choke the flow of drugs and precursor chemicals into and out of Afghanistan. DEA's Afghanistan Foreign-deployed Advisory Support Teams (FAST) in Afghanistan have rapidly developed Afghan interdiction units and have improved the capacity of the Afghan Counternarcotics Police. At the same time DEA teams in Afghanistan have identified narcotics traffickers involved in targeting U.S. forces with improvised explosive devices. By providing critical information obtained from DEA human intelligence sources to U.S. Special Forces Teams, DEA has helped to protect the lives of our service members and our coalition partners.

The experience gained from comprehensive counternarcotics programs in other countries demonstrates that eliminating illicit crop cultivation is a long process that requires continued perseverance and dedication. The five pillar strategy in support of the Government of Afghanistan remains the best approach, but greater intensification of current initiatives and long-term resolve is needed. In doing so, the United States will refine its programs in each pillar based on lessons learned over the past year. In 2007, the United States will increasingly reap the benefits of past investments in the law enforcement and interdiction arena: the increasingly capable Afghan interdiction units, the counternarcotics courts and associated prosecutorial task force, and the greater understanding DEA has developed of Afghanistan's narcotics networks resulting from arrests, prosecutions, and convictions of senior traffickers operating in Afghanistan.

Nangarhar Province – Showing the Way

Afghanistan faces many challenges, but there are success stories that provide encouragement, hope, and valuable lessons for Afghanistan's fight against drug trafficking. The situation in Nangarhar Province is one such success story. According to the United Nations Office of Drugs and Crime, opium poppy cultivation in this province has declined 83 percent from 2004 to 2006, from 28,213 hectares to 4,872 hectares.

Government and public information programs in Nangarhar Province are extremely robust. In Nangarhar, 75 percent of farmers interviewed thought that the Afghan government's poppy ban could be implemented and enforced; only 15 percent said that it could not be enforced. Further, eradication was in fact a credible threat to opium cultivators in Nangarhar, and 83 percent of the farmers who cultivated opium poppy in 2004 and 2005 reported that their poppy crop had been eradicated. This campaign has contributed to the relatively low levels of opium cultivation prevailing in Nangarhar since 2004, illustrating that a credible threat of eradication is key to reducing poppy production.

Alternative livelihood programs have also made a difference in Nangarhar. The United Nations reports that Nangarhar received more than \$70 million (14 percent of the total committed to Afghanistan) in alternative livelihood projects in 2005 and 2006. Almost three-fourths of farmers in Nangarhar report that they benefited directly from these development projects. These initiatives include "cash for work" projects that have repaired hundreds of kilometers of roads and thousands of kilometers of irrigation canals. Additional projects include planting 1,500 hectares of fruit and nut orchards in Nangarhar, distributing seed and fertilizer in targeted provinces prior to the planting season, training thousands of farmers, helping small rural enterprises develop business plans and gain access to credit, and building industrial parks, roads, and cold storage units for produce to support development programs.

Nangarhar also has capitalized on effective security operations, road construction, relatively effective governance, and its access to the vast commodity and labor markets of its capital, Jalalabad. Farmers have diversified their crops and invested in crops that have higher values than opium poppy. Even in districts where opium has traditionally been entrenched, agencies are seeing farmers in Nangarhar shift away from opium poppy cultivation.

Although there is still much work to be done throughout Afghanistan to combat opium production and trafficking, Nangarhar's experience is an example of what can be accomplished through the effective combination of good governance, effective security operations, elimination and eradication, local and central government law enforcement operations, access to markets, and alternative livelihood assistance from the international community. The success in Nangarhar is a clear indication that in Afghanistan, just as within the United States, real, concrete headway can be made against the most challenging problems. The Administration intends to work closely with our international partners to build on this important progress over the next two years.